Financiers trade kid gloves for boxing gloves

By Kurt C. Hoffman

A curious spectacle is under way as the nation's financial managers, catapulted into the 20th century marketing arena by various deregulatory measures, shed their pinstripes and learn how to mix it up in the trenches of competition.

"Our members felt it was time to take the gloves off and bare-knuckle it a bit after losing millions of dollars to the money market mutual funds back East," explains Larry Solomon, public relations director of the Oklahoma Bankers Assn. and organizer of a hard-hitting, statewide campaign designed to elevate the image of OBA members. "There's only a limited number of consumer dollars out there, and everyone's going to fight tooth and nail to get their share."

Yes, these are bankers talking! And despite their traditional reputation for being stuffy and above it all, there's nothing namby-pamby in the energetic, aggressive approach they are incorporating into their marketing strategies.

"Banks no longer can sit back and do pretty picture, feel-good advertising," adds Tom Dynjan, general manager of Owens Associates, Phoenix. "It's become a much, much more competitive industry, and we have to seize the initiative in order to stay ahead."

Kurt C. Hoffman is a free lance writer in Richmond, Va.

While it is difficult to isolate a specific time at which financial institutions entered the competitive fray, Elizabeth Taller, director of advertising at Chemical Bank, New York, points to the arrival in late 1979 of double-digit interest rates on six-month certificates of deposit as the likely genesis of the new competitive era.

"The highly competitive advertising by banks in 1980 for CDs changed the thrust of bank marketing from simple image advertising to product-specific advertising," she says. "Previously, we were selling a parity product. All commercial banks offered the same regulated interest rate, so it basically was through the creativity of the advertising message that institutions differentiated themselves from each other."

The hunt was on for the next breakthrough move while protecting current market shares from scavenging competitors. As a result, the advertising wars have become quite heated.

"Do your banking at a bank—your local Oklahoma bank," stressed the opening salvo of the OBA campaign launched last February. Motivated to action by the constant drain of Oklahoma dollars to mutual funds "back East," the OBA collected a war chest in three-year pledges from its members to finance the pro-bank campaign.

A lot of banks have been dangling the high interest carrot. Did you bite?
AMERICA'S MONEY MARKET MUTUAL FUNDS
The full time professionals in the Money Market

Mutual funds took on banks' money market accounts in this ad, causing banks to fire back their own competitive retorts.

The campaign—print, radio and tv ads designed by Yount-Moeller, Tulsa—was hard-hitting.

"Let's play hard ball . . . savings and loans, credit unions and brokerage firms just don't measure up. Only banks offer a complete list of financial services backed by professionals with years of experience," proclaims one of the first tv spots.

"Our initial campaign was pretty aggressive because that's the way our members wanted it," explains Mr. Solomon. "The one thing we kept hearing was, 'Let's get tough.'"

The OBA followed its initial eight-week spring campaign with a fall campaign stressing the strength, dedication and community orientation of banks. According to Mr. Solomon, the objective is to soften the bank's image and emphasize the importance of the banks' link to community and business development. Another multiweek campaign scheduled for this month focuses on "relationship banking—establishing a personal rapport with your community bank."

Association-based campaigns are a more conservative method of confronting rivals, although they may not be as effective in helping a specific institution improve its market share. "The company-sponsored campaign can be very specific in the call to action, where the association campaign generally is more of an umbrella campaign most effectively used to enhance a company effort," explains Allan Paro of the American Bankers Assn.

"No one can just sit back and rely upon an association campaign to bring new customers into their brokerage firm or bank—everyone has to make a strong marketing investment and personalize the products and services they offer. They need to create their own image, their own reason for being."

The association approach, however, may be the only marketing outlet for banks advertising on a shoestring budget. "Even though we have two large metropolitan areas—Tulsa and Oklahoma City—the majority of our members have assets in the neighborhood of $45 million," says Mr. Solomon. "They're small banks with advertising budgets of about $4,000 annually, and that usually goes toward matches. They were clamoring for a vehicle they could jump on that would give them statewide tv exposure—a campaign that was professionally done and carried a strong message they could be identified

Bankers bring home the bacon—electronically

By Cara S. Trager

Banks, with their frequently long lines and slow tellers, are gradually reshaping their image by offering their services in a most accommodating place: The depositor's home.

"Stay home and go to the bank," reads an ad for Pronto, the computerized home banking system offered by New York-based Chemical Bank. Its program introduced last fall, offers any owner of an Apple, IBM or Atari personal computer unlimited use of its banking services for $12 a month.

"Viewtron. The waiting is over," declares ads announcing Knight-Ridder Newspapers' videotex program.

In addition to home banking, Viewtron offers a full menu of services, including shopping, stock market closings, sport scores, restaurant and travel reservations and games. All this—and more—can be had for an initial investment of $600, which purchases an American Telephone & Telegraph Co. videotex scepter terminal, and a $12 monthly service charge.

Chemical Bank and Viewdata Corp. of America, a wholly owned subsidiary of Knight-Ridder, may be pioneers in going commercial with videotex, but they are not alone on the frontier. The list of financial institutions entering the arena grows daily.

Cara S. Trager is a New York-based free lance writer.

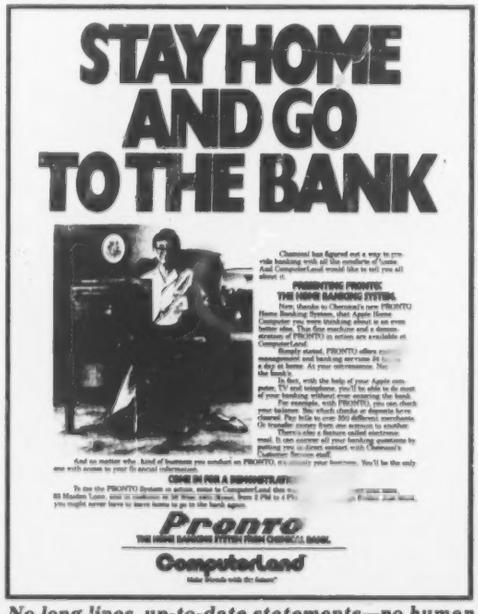
Among the current major players is Video Financial Services, a jointly owned subsidiary of Banc One of Ohio, Southeast Banking Corp. of Florida, Security Pacific of Los Angeles and the Wachovia Bank of North Carolina. The group, which packages, sells and services home banking programs, is working with Viewdata and AT&T. There's a strong possibility, too, that Times Mirror Co. will enlist Video Financial for the communications giant's "Gateway" videotex program, due to go into commercial operation in Orange County, Cal., this year, according to Penny Welsh, manager of marketing communications, Times Mirror videotex services.

Meanwhile, late last year Bank of America launched its own commercial Home Banking videotex program, which can accommodate any personal computer for a monthly service charge of $8. Currently in operation in northern California, the system is scheduled to go statewide by midyear.

At the same time, Chemical is licensing Pronto to other banks, and about 17 banks nationwide are participating in a two-year home banking test program organized by ADP Telephone Computing Services of Seattle. Banks involved in ADP's "Home Banking Interchange" include the Continental Illinois National Bank & Trust Co., Marine Midland in New York, United National in New Jersey and Colonial Bank in Connecticut.

Considering all of this preliminary positioning by major financial corporations, it appears that transactions at a terminal rather than a teller may be in store for many financial customers. "Videotex is probably going to take off faster than a lot of people think," maintains Eileen Friars, senior vp of Management Analysis Center, Cambridge, Mass., which has conducted several proprietary studies in the videotex area.

The financial community seems especially eager to see computerized home banking get off the ground—and quickly. John Russell, vp-director of marketing at Banc One, believes home banking will give banks a competitive edge in the face of increasing competition from major retailers, such as Sears, Roebuck & Co., and insurance companies.



No long lines, up-to-date statements—no human contact, no way to get cash: These are customers' choices as computers become bankers.

"It's a new kind of competition, and while it won't have a major impact on our current customer base, it will have great impact on the next generation of financial users," says Mr. Russell.

Additionally, such systems simultaneously should enable banks to streamline their operations and reduce costs. "Home banking is more cost-efficient and effective, requiring less of a dependency on brick and mortar outlets—real estate—and paper transactions," says John Tuohy, former vp-marketing at Chemical Bank's financial services division.

Computerized home banking also allows banks to continue generating a large percentage of their income through fees rather than interest. "Banks are relying more on fee income, and computerized banking fits into

with. By pooling our resources, we are accomplishing that objective."

Federal Trade Commission efforts to detect truth in advertising violations pale in comparison to the scrutiny afforded a competitor's promotional claims.

An eight-week, no-holds-barred media blitz conducted last spring against bank money market accounts by the Investment Company Institute (ICI), an association of mutual funds, constitutes a clear case in point.

Reginald Green, ICI vp, cites the initially misleading promotions by many banks for the newly authorized money market deposit accounts as the stimulus that triggered the ICI's aggressive campaign.

According to Mr. Green, the banks' sins were widespread. Simply by naming the new accounts money market deposit accounts, banks virtually invited consumers to confuse the new variable rate bank accounts with the fixed rate money market mutual funds offered by ICI members, he says.

"Many banks didn't attempt to differentiate their product," he says, "nor did they struggle to tell you what would happen to your interest rate if the circumstances of your account changed even slightly."

For example, if a customer's deposit account dropped below $2,500, the interest rate often would revert to the passbook savings level.

"The ads were marked by a disinclination to tell you all that," says Mr. Green. "Another misleading aspect was the advertising of very high rates of return, without emphasizing that these were promotional rates. We knew, as they did, that those initial rates would not last, because you can't pay 12% when the market is paying 8%," he points out.

"The banks were taking assets from the mutual funds in those early days, and although we expected the drain to stop when the promotional rates dropped off, which they did, we had to do something about it in the meantime."

The ICI unleashed a $5 million network tv and local newspaper campaign designed to guide consumers in evaluating deposit accounts and to promote mutual funds.

The campaign, created by Doyle Dane Bernbach, pulled no punches. "What to watch out for in bank money market advertising," warns one headline. The copy then differentiates deposit accounts from mutual funds and highlights "samples of the obscure" provisions in bank advertising.

Another featured the now infamous high interest carrot-on-a-string. "Did you bite?" asks the headline. "If you left a fund for the bank version, maybe you should consider coming back," reads the copy.

"One prefers to talk about one's strengths instead of the competition's weaknesses, but in this case, they left us no choice," notes Mr. Green. "And though we can't tar the whole banking industry with this brush, there were enough violators for us to be rightly concerned."

Righteous indignation describes many banks' reactions. Mr. Dynjan of Owens & Associates created a counteroffensive for United Bank of Phoenix. "In one way, the [ICI] ads were correct," he says. "We had a bank here in Phoenix offering 22% and there's no way they can make money at that rate. But that's like saying all businessmen are crooks because there happens to be three crooks in Rapid City."

All in all, the ICI campaign "was very creative," says Mr. Dynjan. "I can't fault them for doing a good execution. But running local ads and implying that all banks were engaging in misleading advertising was somewhat unfair.

United's campaign, featuring a "carrot stick" parody, was equally aggressive. "You're old fashioned, Smith Barney," "No one's listening, E.F. Hutton," and the "Bum steer" approach characterized United's effort to emphasize that it's not nice to stick people who are innocent of wrongdoing.

Engaging in competitive advertising carries some degree of risk, although one may question whether the greater risk lies in bypassing this highly effective marketing approach.

"Any competitive advertising has to have a foundation in a very good product," says Mr. Dynjan. "The real danger is if you don't have the product or the people to support an aggressive marketing stance. And it's important not to go too far. As a marketing official, you have to remember that the bottom line is, 'How will the consumer react?' There's always the danger of turning people off."

One also must be wary when naming specific competitors in ads, according to Chemical's Ms. Taller, an industry veteran of head-to-head assaults on competing firms such as Chase Manhatten, Manufacturers Hanover and Citibank. "When you cite the competition by name in an ad, you want to be sure that consumers come away knowing who the advertiser is."

Real-world competition is a whole new ballgame for most financial institutions, and many aggressive companies are supplementing their marketing forces with outside talent.

"A lot of banks have brought in package goods marketing people who really have the marketing discipline down," says Mr. Dynjan. "Other institutions are redirecting or reeducating their marketing departments and studying the marketing practices of other deregulated industries."

As in other deregulating industries, today's financial industry can be characterized best as one of unrest as institutions struggle to maintain traditional market strongholds while scrambling for new opportunities. The marketing arena reflects this activity, and it promises to be a good show for years to come.

Bankers and brokers spend the ad bucks

Top 10 financial services advertisers, Jan.-June, 1983

				$(000)				
Company	Total	Magazines	Newspaper supplements	Network tv	Spot tv	Network radio	Spot radio	Outdoor
1. BankAmerica Corp.	9,640.3	2,412.6	—	305.8	2,625.7	—	3,684.0	612.2
2. Merrill Lynch & Co.	7,698.6	2,268.7	61.2	4,258.7	766.3	—	343.7	—
3. Citicorp	6,757.0	1,051.1	47.0	1,823.6	3,623.0	—	207.6	4.7
4. Prudential-Bache Securities	5,848.8	2,670.1	—	984.8	2,193.9	—	—	—
5. First Jersey Securities	5,595.0	823.4	—	1,134.2	2,298.5	—	1,338.9	—
6. First Interstate Bancorp	5,124.7	819.6	—	762.4	3,095.7	—	286.1	160.9
7. EF Hutton Group	4,938.9	2,258.6	77.6	1,853.8	131.7	259.2	358.0	—
8. Great Western Savings & Loan	4,299.5	201.7	—	—	2,844.2	—	1,253.6	—
9. Manufacturers Hanover Corp.	3,661.4	1,796.4	61.2	—	1,402.4	—	400.2	1.2
10. Smith Barney Harris Upham & Co.	3,042.0	73.7	—	2,855.1	—	—	113.2	—
Total	56,606.2	14,375.9	247.0	13,978.4	18,981.4	259.2	7,985.3	779.0

Note: Includes banks, brokerage houses, savings & loan associations, mutual fund groups, credit unions. Does not include newspaper or direct mail expenditures.

Sources: Leading National Advertisers, Radio Advertising Bureau.

that fee income strategy," notes Stuart MacIntire, director-videotex services at J.C. Penney Co., which, he says, is "investigating . . . videotex in detail."

In line with that strategy of producing income through services, computerized home banking is expected to result in not only a repositioning of teller services, but also a charge for it. Tellers will eventually assume the role of financial counselors —for a fee.

"We'll always have teller service in a bank because there will always be people who want personal service. But they will need to pay for it," says Banc One's Mr. Russell. "Just as first class costs you more . . . when you fly and you pay through the nose when you use a telephone operator instead of dialing yourself, people will have to pay for personal service."

Admittedly, with computerized home banking, financial institutions may not be known for their human touch, but bank executives believe they may offer something far more important: The ultimate in consumer convenience.

"The first three reasons for Pronto are convenience, convenience and convenience," says Mr. Tuohy.

As he sees it, computerized home banking users are the "new achievers"—career-oriented, financial activists in their mid-30s and 40s who regard time as money and believe waiting in line at the bank or doing paperwork at home is a waste of both.

Among the frequently cited benefits of Pronto are improved money management, bill paying and home budgeting. The only function the system can't perform is the deposit or withdrawal of cold cash, and that's positioned as a safeguard. "That still has to be done from an automatic teller machine," says Mr. Tuohy.

Despite such accommodating features, however, some videotex experts believe home banking is not enough of a drawing card to justify buying a home computer or paying a monthly service charge. "There has to be a great deal more than banking . . . to make it valuable," Mr. Russell maintains.

Chemical Bank disagrees—but to a point. "Chemical's research shows there is sufficient interest in Pronto and home banking as a stand-alone service," says Mr. Tuohy. "But down the road the Pronto concept will consolidate home shopping, portfolio management and logistical functions such as reservation information for travel and entertainment. It's logical that banking, as the payment function, is the nucleus of this system."

Viewdata, in contrast, regards home banking as just one of many financial services subscribers want in their homes. Viewtron offers investment information from E.F. Hutton and Merrill Lynch, insurance tips from Equitable and business news from the *New York Times* business section.

While such services are intended to attract a greater number of videotex subscribers, banking experts believe there's more to it than that. They must also educate the consumer.

To that end, Viewdata, which demonstrates Viewtron in hotels and motels, as well as in such stores as Burdine's, Video Concepts, ComputerLand and Phone Center stores, is pouring $1½ million into the south Florida market to get its system known and used. That budget includes direct mail pieces, three 30-second tv commercials, a newsletter published eight times a year and a four-color quarterly magazine resembling a menu of the system's offerings.

Chemical Bank is following a similar strategy in its attempt to create awareness of and interest in Pronto. It is holding demonstrations in branches as well as in such retail stores as Crazy Eddie's and Bloomingdale's. "Retailers love Pronto, because they're always looking to close the sale of a computer," Mr. Tuohy says. "Beyond the benefits of a computer for children, parents want to know what it will do for them as well, and Pronto gives them a real practical reason to buy."

Bank of America is also going the demonstration route, as well as providing personal computer owners with an 800 number that gives them the capabilities of home banking without actually signing up for it. Additionally, the California bank has launched an electronic mailbox through which subscribers can ask a home banking officer their questions through the computer and receive a displayed answer within 24 hours.

Although these support measures are designed to help potential customers overcome their fears of electronic transactions, industry authorities believe computer phobia is no longer a problem. Steve Yotter, vp-electronics product development at Bank of America's retail marketing area, for example, maintains that electronics are no longer steeped in mystery.

"We have a very active ATM system, with over 10,000 transactions a month," says Mr. Yotter. "Through that, the customer has gotten used to electronics and trusts it. Home banking is an extension of that."

Although computerized home banking today continues to be the exception rather than the rule, bank and videotex executives insist such systems are on the threshold of their future.

As Mort Goldstrom, director of marketing at Viewdata, notes: "I suspect that much like people got used to going to banks, then going to branches and talking on the phone, they will get used to the Viewtron concept. It will become the utility of the '80s."

Ole! Pinstripes play matador in a new fight

Bankers enter brokers' arena with discount operations

By Bob Mahlburg

A bank used to mean a plush, marbled building where you deposited your money in a 5¼% passbook account, joined the Christmas Club and took out a loan. But since the variety of banking services exploded, the bank that fits this description is most likely out of business.

The need to rely more on fee income and less on interest revenue prompted the plunge into the stock business.

New banking services, like discount brokerages, are "a matter of survival" for banks, says Randy Peyser, vp-marketing and product development at Springfield Marine Bank, Illinois'biggest bank outside of the Chicago area. "Banking had always been a very regulated industry," Mr. Peyser says. "Now you see brokerage houses getting into what has traditionally been banking-type services."

These new competitors not only shriveled many banks' profits, they forced a rethinking of basic concepts. "First you have to address the needs of the consumer and try to project what they need," says Mr. Peyser. "Then you have to look at what the competitors are doing. We're looking at the brokerage houses, the retailers, and saying, 'It's just starting. Let's look down the road five years and start getting on the path now.' "

That mindset, plus the need to rely more on fee income and less on interest revenue, prompted Marine's plunge into the then-fledgling bank stock brokerage business in July, 1982. When Marine officials investigated the idea, only two U.S. banks had tried anything even remotely similar.

Bank of America, San Francisco, started the trend by simply buying a brokerage. Because federal laws prohibit banks from advising customers on stock options, it purchased Charles Schwab & Co., a discount brokerage business, merely to execute customers' buy and sell orders. The customer must rely on his market knowledge, but receives a substantial discount on the commission fee in return.

A short time later, Security Pacific Bank, Los Angeles, announced it was teaming up with Fidelity, another discount brokerage, under an agreement that allowed bank customers to transact stocks, while Fidelity continued to operate independently. Both the bank and the brokerage would get a cut from the commission.

Marine Bank officials studied both procedures, but adopted a different approach.

Marine's comparatively smaller size made buying a brokerage too expensive. It also considered a joint venture with Fidelity. But, Mr. Peyser says, Fidelity wouldn't back down from its requirement that each investor establish an account with Fidelity.

"We wanted to serve all the needs of our customers," he says. "We didn't want them opening accounts with someone else." Bank officials feared that they would be handing over their best customers to a powerful, potential competitor.

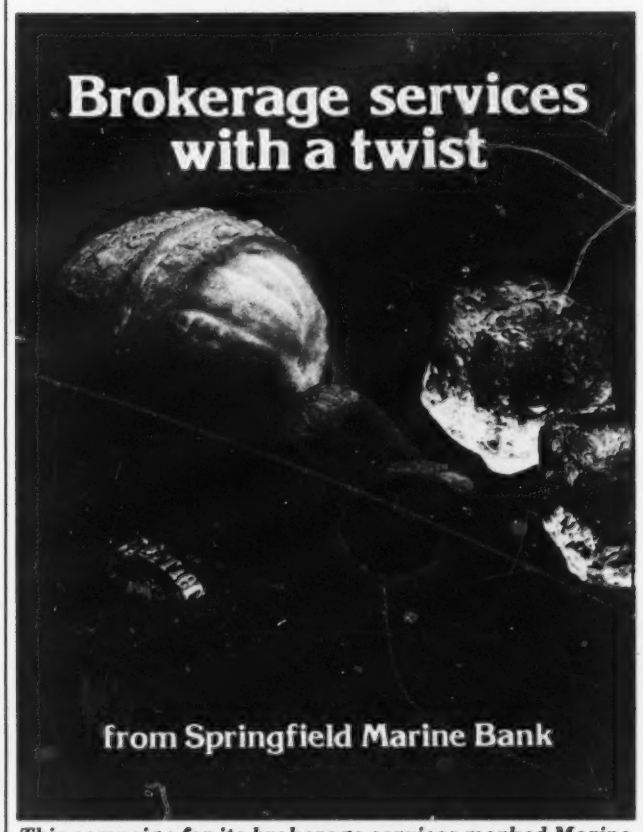
"We never felt we were endangering ourselves in our arrangement with Fidelity," says Tim Munroe, director of planning and development, Security Pacific Brokers. "Any time you enter into an arrangement with a potential competitor you must protect yourself." Security Pacific did this by adding some very specific anticompetitive clauses into its contract with Fidelity. "If they encroached on our customer list," he says, "we would not only have grounds for terminating the contract, but for taking them to court. It was never much of a problem for us."

Marine still felt that these types of safeguards weren't enough.

"What was really needed was a bank brokerage system designed *by* a bank, *for* a bank—and it didn't exist," Mr. Peyser says. "So we decided to design our own system."

To do it, they went to an old friend, Mesirow & Co., a regional brokerage in Chicago that handles Marine's trust investments. The deal that emerged gave Marine most of the advantages of the other approaches, plus some improvements, says Mr. Peyser. As in the Bank of America arrangement, Marine customers can trade stocks easily, at lower fees. As in the Fidelity setup, the brokerage executes the actual transactions. Mesirow also benefits from the deal by extending its coverage beyond its usual customers, Chicago trusts and institutions, Mr. Peyser says.

Mr. Peyser stresses that bank customers "only have an account at Marine Bank, everything they



This campaign for its brokerage services marked Marine Bank's shift to a package goods ad approach.

Bob Mahlburg is a free lance writer based in Springfield, Ill.

Mergers

(Continued from Page M-20)

are company owned and the third is the franchised, independently owned First Interstate Bank of Golden.

First Interstate, which has franchised banks in Alaska, Colorado, Hawaii and Wyoming, is now doing interstate banking in virtually all but name, especially with its national network of automated teller machines. Even though branch banking is prohibited in Colorado, the bank gets around the no-branch banking rules by independently capitalizing each bank.

Financial institution franchising, which First Interstate has pioneered, vividly demonstrates the benefits believed to be associated with a big name. Franchised banks retain local ownership, but pay a fee to use First Interstate's name and its advertising and financial services. The advantage for the franchisor is that it is cheaper to franchise than to buy a bank.

Adopting the name of the larger institution flies in the face of the old dictum that a local identity should be preserved in small-town banking. Yet account activity at the First Interstate Bank of Golden has surged with its new name, according to Mr. Tabussi.

The Old Kent holding company, based in Grand Rapids, Mich., exemplified the changed thrust when it recently acquired 10 banks owned by the Pacesetter holding company.

Before the merger, the Pacesetter system was gradually changing its member bank names to derivatives of the Pacesetter name; now the change will be to Old Kent.

The process will be done gradually because the name is better known in some parts of the state, and certain banks stand to gain more from area-saturation advertising than others, according to Marty Allen, senior vp of the Old Kent system. "The farther removed from the headquarters and lead bank, the less [the name is] known," says Mr. Allen. Because of economies of scale, the name change can be easily, efficiently and profitably touted in areas where Old Kent banks are clustered.

Informing the public of the change may not be the most critical concern, however. Often, according to one executive from the Pacesetter system, the change is more traumatic for the bank employes than for the public.

"I think it's more in the bankers' minds than anybody else's," the executive says. "One of the banks changed its name four times in 15 years. I don't think it mattered to the customer one bit, so long as it offered the same quality service."

Reassuring employes that the name change is a positive step

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see is in the name of Marine Brokerage Services and as far as they know they deal only with Marine Bank."

Customers can trade by telephone and have the cost or gain shown in their account for a fee based on the dollar amount of the trade. The bank charges a $40 minimum fee per transaction and a $20 signup fee. Advertising claims savings of "up to 70%" over traditional brokers, but Mr. Peyser concedes the minimum fee could make small transactions more expensive.

"Our philosophy was, if you can sell dog food you can sell a bank—but it doesn't necessarily work vice versa."

Marine and Mesirow split the fees roughly 50-50. Mr. Peyser says that's four times the amount the bank would have received from Fidelity. And, of course, Marine avoided the initial costs and risks of buying a brokerage.

"Because we were one of the first in the game, people laughed initially," Mr. Peyser says. "As it turns out, we made money from day one." Marine also claims to have captured business from a number of main-line brokerage houses in central Illinois and even some national discount brokerage firms.

Another measure of the program's success is that Marine sold it to 15 other banks. Marine trains the banks in setting up a trading desk, recommends equipment and supplies camera-ready ads. Beside those banks, Mr. Peyser says, Marine remains "the first and only bank-designed" brokerage service in the U.S. "No one else does it like us. They generally sign up with someone like Fidelity."

Mr. Munroe at Security Pacific disagrees. "A year after we entered the arrangement with Fidelity, we cancelled it," he says. "That end of the business had grown to the point where it was less expensive for us to bring the operation inhouse."

The resulting system in many ways mirrors Springfield Marine's except for the fact that Security Pacific, by virtue of its size, made some substantial improvements. "We bought three brokerage houses to improve our market presence," says Mr. Munroe, "and established a clearing company in New York to carry the account names—a federal regulation. In effect, we are providing a totally self-contained brokerage service without *any* outside intervention." Security Pacific also has sold its program—but to 220 banks.

Mr. Peyser admits that until it spearheaded bank-designed brokerage operations Marine was very conservative in action, with promotion to match. When it started setting trends in financial services, however, the bank decided its ads needed a new look. The brokerage ad, a splashy four-color newspaper insert, featured the slogan, "Brokerage services with a twist." It pictured a ripe lemon, with the peel artfully carved into a swirl, ice cubes and a Perrier cap, all sprinkled with water.

The artwork was executed by Ross Advertising in Peoria, Ill. —then the bank's agency—but Mr. Peyser designed the ad and slogan himself, along with "refinements" from his staff, he says. His wife suggested the Perrier cap to appeal to the more "sophisticated" brokerage customers and to break the alcoholic connotation of the slogan. "You put a bottle of scotch in there and it's a liquor ad," Mr. Peyser laughs.

The campaign consisted mainly of newspaper inserts, although variations of the theme appeared in radio spots and direct mail pieces and on outdoor boards. Tv was not used because the bank wanted to target the audience more precisely, and Mr. Peyser says a spot that would stand up next to a Merrill Lynch commercial would have been too expensive.

The "twist" campaign was aimed at "rising professionals 35 to 40" and somewhat less to housewives. That appears to have been the right group, Mr. Peyser says, based on the response. However, the ad also reached a surprising number of elderly investors. The ad's drawing power is hard to peg because the recent stock market surge occurred simultaneously with the campaign's launch, which "obviously helped a lot," he says.

Many people were reluctant to try the campaign because it was so different, Mr. Peyser says. Most reservations were squashed, however, when the ad won National Bank Marketing Assn. awards for best print ad of 1983 and best campaign.

The series was particularly significant "because this started a whole new thing for the bank in terms of advertising and image .... Everything we do now is nontraditional," Mr. Peyser says.

When Marine switched agencies last May to Grey-North, Chicago, Mr. Peyser told Grey-North to treat the account as a new brand of dog food. He wasn't interested in the agency's financial services division.

"Our philosophy was, if you can sell dog food you can sell a bank—but it doesn't necessarily work vice versa," he says.

"So, we're handled out of the package goods division at Grey-North," he adds. "We wanted advertising that was unfettered by traditional bank thinking—it's worked very well."

The shift in advertising reflects the bank's drive to introduce new services and compete with national brokerages. "We wanted to put everyone on notice that in this changing financial environment Marine Bank's going to not only be a survivor, but we're going to respond to whatever needs come down the pike," Mr. Peyser says. It's a lesson more and more banks seem to have learned.

Holding companies dominate bank ad spending

Jan.-June, 1983
$(000)

1.	BankAmerica Corp.	9,640.3
2.	Citicorp	6,648.1
3.	First Interstate Bancorp.	5,124.7
4.	Manufacturers Hanover Corp.	3,661.4
5.	American Bankers Association	1,824.0
6.	Midland Bank PLC	1,544.3
7.	Texas Commerce Bancshares	1,522.6
8.	Wells Fargo & Co.	1,474.8
9.	Associated Banks of Europe Corp.	1,435.2
10.	Mellon Natl. Corp.	1,350.1
	Total	**34,225.5**

Sources: Leading National Advertisers, Radio Advertising Bureau

requires considerable internal communication. They must be assured that career opportunities are actually improved by the acquisition, says N.W. Pope, senior vp-marketing at the acquisition-minded Sun Banks of Florida. That requires "face to face communication and meetings," he says. Generally, expanded services and the new statewide identity convince the target bank's staff, according to Mr. Pope.

Older managers, who are attached to the old names and believe in the rock solid, never changing image of banks, may find the change more traumatic, says Mr. Pope. With the pace of mergers increasing, however, this reluctance is diminishing, he says.

Externally, the news must be communicated to suppliers and customers, although Mr. Pope says they seldom raise a fuss. "People do business with people, not with banks," he says. "If the bank at the corner of Main and Oak has done right by you all these years, there's no reason to believe that new signage is going to change anything."

Sun Banks usually informs these groups through newspaper advertising, "statement stuffers" and lobby displays—not tv, which, Mr. Pope says, involves too much waste. A three-week campaign is usually enough, he claims. "It's more of an information campaign than a sales campaign," he says.

With Sun Bank's recent acquisitions, the company told customers they were "tapping the power of the Sun," a campaign that works particularly well in Florida, Mr. Pope says. For smaller acquired banks, the power of expensive and skilled advertising expertise was also suddenly tapped; they found themselves deluged with advertising they might not have been able to afford on their own.

As the smaller franchised or subsidized banks are brought under the wings of their siblings, these larger banks and holding companies will boost ad budgets to cover promotional expenses for the whole family.

So instead of consolidation reducing business for the advertising community, it's likely that more ambitious and geographically expansive campaigns will result.

Acquiring banks and companies will need to establish their new banks' identities; those who hope to remain independent will have to market themselves as aggressively as their powerful rivals or be lost in the promotional shuffle.

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*New publication launch

CONTROL MAILINGS—Magazines

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Brokers: Bulldozing competitors or dozing bulls?

By Mark Liff

Financial services marketing has come to resemble a Middle Eastern bazaar. Competition for customers is fierce and discounts exist for the sophisticated shopper. In addition, new vendors offering new products are popping up almost daily. And, like their Middle Eastern counterparts, they want you to shop at only one stall.

Brokers' stalls are getting bigger and carrying more products, prompting competitors to position themselves against this industry segment. Shearson, Loeb, Rhoades now has the clout of the American Express Co.; 103-year-old Bache, Halsey, Stuart, Shields is backed by Prudential Insurance Co. of America, and Dean Witter Reynolds has the impressive reach of Sears, Roebuck & Co.

These multiproduct, multiservice megacorporations' entrance into the fray has triggered a reassessment of marketing strategies both from within and outside of the brokerage sector. "There seems to be a trend now toward packaging services, rather than unbundling," says James Settel, senior vp-director of product development and implementation at Prudential-Bache Securities, New York. "We are talking about total financial planning, as opposed to buying and selling specific securities."

Cathy Stuart, national advertising director at Shearson/American Express, New York, concurs: "We are now trying to talk to the consumer as if he were more sophisticated. We are trying to communicate that anything that has to do with a person's finances is a process rather than an event."

The brokerage industry realizes that total financial planning is the extra plus that makes a broker's service charge acceptable, Mr. Settel says. "The theory behind this is that one cannot plan for retirement by calling an 800 number." And, with banks leaping into the discount brokerage business, further segmenting their slice of the market, the brokers' strongest—and only—niche may lie in full-service investment counseling.

Robert L. Errico, a Prudential-Bache executive vp, says his company is retraining selected brokers "in the basics of financial planning." And in some cases, Prudential insurance agents are referring clients to the securities division so total financial planning can be accomplished under one roof, he says.

Prudential-Bache is relying on technological advancements to help "implement the basic fact-finding questions into our computer and come up with a boiler plate, if you will, a financial plan that we can present to our clients within 24 hours," Mr. Errico says.

To not only address a client's needs, but also to "limit his exposure to competition," Prudential-Bache is putting into place 'access window lockup,' a multiple-product delivery system, Mr. Settel says. When the brokerage house cannot provide a specific service, it enters into an agreement with a third party, thereby maintaining a relationship with the customer.

If this makes it sound as though brokers are paranoid about losing customers, it isn't necessarily so. Merrill Lynch's introduction of the Cash Management Account in 1977 put the rest of the financial services industry on notice that the brokerage houses were going to be a force to reckon with in the market. The patented account, which hit the industry where it counts—the lucrative affluent market—spurred competitors, including banks, to launch CMA clones. Citibank, for example, went head to head against the CMA with its Focus account.

And when banks started to step directly on brokers' market toes with discount stock and bond services, Prudential-Bache began a "brokerage alliance program" that put brokers in banks. The program uses the bank's client base and distribution, while the banks rely on Prudential-Bache's expertise. Both entities share commissions.

Relatively comfortable in their quadrant of the financial world, these brokers are not ignoring movements along their borders. Banks, concocting their versions of total financial planning and including discount brokerage services in the formula, may beat brokers to their market. Brokers' target audience—primarily men over 45, with incomes of $50,000 and up, according to Judy Gaviser, director of advertising, Dain Bosworth, Minneapolis—is much more upscale than most banks, although they are concentrating on the affluent market more extensively. If the banks can involve potential affluents in their programs before they are reached by brokers' marketing efforts, brokers may face a rapidly evaporating market.

To head off the effects of a depleted client base, Mr. Settel says, Prudential-Bache is going after "the near-affluent or the to-be-affluent." These, he says, are individuals earning around $35,000, either "early professionals" or "blue collar affluents."

Heightened competition also has required a change in planning strategies, says Mr. Settel. "Strategic planning has been shortened dramatically. A five-year plan is no longer acceptable. We are talking about tactics becoming a part of strategy."

And at Shearson/American Express, David Pottruck, senior vp-marketing, discusses more radical changes. "We really didn't have a marketing strategy until a few years ago," he says. Shearson essentially had relied on "a sales strategy because brokerage firms in general, and Shearson in particular, had been a selling-oriented company."

While selling is "a distribution-oriented activity in terms of promotion and strategy," the new effort is "a blend of consumer-oriented strategy combined with a distribution-oriented strategy," Mr. Pottruck says.

With all of the repositioning, new competitors and new products, this should be fertile ground for innovative advertising. But because brokers still consider their main competition to be other brokers and because everyone is essentially selling the same things, says Perrin Long Jr., an analyst with Lipper Analytical Distributors, advertising by securities companies "is primarily an effort to identify with the customer a particular firm, more than with a product." Those who've seen too many roving bovines or silenced sailors—at the mention of a particular company's name—couldn't agree more.

Those at Shearson might not agree, however. Shearson significantly boosted its advertising budget and changed its concept, moving beyond name identification. Inhouse research analyzed changing consumer spending patterns and opinions, and ads reflected these changes, Mr. Pottruck says. Ad campaigns now discuss the consumer's financial goals, explaining that numerous products are available to help with one's over-all financial objectives.

Two-minute radio commercials review the week's financial news, focusing on a big story. But a major portion of the ad also includes Shearson's point of view on that story, Mr. Pottruck says. Shearson also runs informational ads in the *Wall Street Journal* that talk to the "educated financial services consumer," he says. The effort, handled by McCann-Erickson, stresses that the company "wants to work *with* you, not *for* you," Mr. Pottruck says.

Dain Bosworth also believed name identification was crucial at first. The company began a more than $1 million ad campaign to get its name recognized, according to Ms. Gaviser. "The name changes, mergers and acquisitions have been legion over the years," she says. "We needed to get our name out. We didn't really sell particular products."

The ads, which said, "Dain Bosworth delivers opportunity," promoted the company's experience and knowledge. "We emphasized information. It's much better to go out and sell your expertise as a resource."

Merrill Lynch, the generally acknowledged industry innovator, is taking its message a step further. A recent print campaign still has the name orientation, but using a question-answer format, it ties into a product Merrill Lynch offers. For example, one ad asks, "Who offers more than 50 kinds of IRA investments when most people tell you one is enough?" A secondary head answers, "Who else but Merrill Lynch." The body copy goes into greater detail on the product, mentioning the company's experience in over-all financial planning.

Whether the brokers will take an even more aggressive stance against their new competitors is yet to be seen. If anything, they still have room to move into the product-oriented advertising that has characterized the other institutions' campaigns. As Ms. Gaviser says, Dain Bosworth has not done any head-to-head advertising against banks. "We think more about competition from other brokers than banks."

Brokers bank on advertising to protect market share

Jan.-June, 1983
$(000)

1.	Merrill Lynch & Co.	7,699.6
2.	Prudential-Bache Securities	5,794.8
3.	First Jersey Securities	5,595.0
4.	EF Hutton Group	4,938.9
5.	Smith Barney Harris Upham & Co. Inc.	3,042.0
6.	Paine Webber	2,998.4
7.	Robinson Humphrey/Shearson/American Express	1,676.2
8.	Dean Witter Reynolds	1,112.5
9.	Charles Schwab & Co.	1,060.6
10.	Goldman Sachs & Co.	1,043.5
	Total	34,961.5

Sources: Leading National Advertisers, Radio Advertising Bureau

Mark Liff is a New York-based free lance writer and a frequent contributor to Magazine.

Funds come out of the marketing closet

By Mary McCabe English

If the words "mutual fund" conjure up images of doleful widows and pathetic orphans, run—don't walk—to the nearest copy of *Money* or the *Wall Street Journal* and elevate your investment IQ into the '80s.

Yes, it's true that mutual funds were once the domain of investors who didn't know what to do with their money. However, spokesmen for several funds claim their investors are increasingly sophisticated, socking money into various vehicles, including mutual funds in the mix because of their stability, liquidity and flexibility. Their reputation for effective management doesn't hurt either, the fund executives maintain.

The funds' growth over the last few years have been phenomenal. Industrywide sales for 1983, excluding the high performance money market funds, were $40 billion, compared with $15.7 billion for 1982 and $5.8 billion for 1972, according to the Investment Company Institute (ICI). The growth is even more impressive in light of a 1974 dip to $3.3 billion in sales.

A number of factors are responsible for mutual funds' dramatic growth, not the least of them being an increasingly high marketing and advertising profile. For another thing, as the funds diversify their product, they automatically broaden their appeal. Between 1940 and 1965, most mutual fund assets were invested in common stock. Today, the industry offers a variety of products that attract an expanded, generally upscale customer pool.

The 1979-80 money market fund period brought a lot of newcomers into mutual funds. More recently, the advent of popular retirement savings plans, like Individual Retirement Accounts and Keogh accounts, have done the same thing.

Says Victor Kramer, director-retail product management with the Fidelity Group in Boston: "IRAs are an important bridge to the middle market, just as money market funds gave mutual funds entree to the upper market back in the '70s. The same is true of IRAs. We wrote about 300,000 of them last year, and among them were a lot for people considerably below our normal demographic patterns."

Rudolph D. Watz, vp-director of retirement plans with Value

(Continued on Page M-26)

Mary McCabe English is a free lance writer based in Norristown, Pa., and a frequent contributor to Magazine.

Maxwell

(Continued from Page 3)

the High Point vacuum ground, which has been testing in Portland, Ore., and in Cincinnati and Dayton, O., since 1975.

A P&G spokesman declined comment on these reports.

The new Maxwell House entry, which is being shown to the trade, initially will come only in ground-roast form in 13-oz. and 26-oz. sizes for automatic and electric and range perculators. The cans carry the Maxwell House logo, with colors different from regular Maxwell House, and "decaffeinated" printed in large letters.

Advertising, predominantly tv and an array of such consumer promotions as direct mail, coupons and freestanding inserts, will break April 2 via Ogilvy & Mather. According to a GF spokesman, the campaign will hammer a "good taste" message to capitalize on the Maxwell House heritage.

The tv spots feature young adults sitting at sundown, having just finished dinner. GF says they are enjoying a cup of coffee, presumably Maxwell House decaffeinated, while eating dessert. Meanwhile, the voiceover will note, "Introducing the only decaffeinated coffee with the delicious taste of Maxwell House."

As such, the campaign clearly hopes to distinguish the brand from both Brim and Sanka, the latter of which has adopted a people approach.

GF says the new entry will build the decaffeinated market, rather than steal Sanka and Brim loyalists.

The company further maintains that the three brands command their own distinct, somewhat exclusive markets. GF contends that the Maxwell House entry will make a name for itself by wooing drinkers reluctant to drink a brand without a strong caffeinated taste credential.

A GF spokesman described the new product's audience as being slightly younger—say 30-plus—than Sanka and Brim drinkers, who tend to be 40-plus and 35-plus, respectively.

Nonetheless, analysts predict some cannibalization of existing brands, the fear of which may influence the introductory budget and the weighting of the tv buys.

GF, the nation's sixth-largest national advertiser, would not disclose budget figures, but sources close to the company believe it will be substantial, at the least matching the spending of other decaffeinated brands. Estimates are that GF backed both Sanka and Brim with more than $20 million during 1983, with P&G's High Point budget projected at $15 million.

And both companies' potential to spend is great: When P&G introduced High Point with a $30 million budget, GF quickly increased Sanka's spending to the same amount.

"A move like this is designed to make your competitors, in this case P&G, very, very nervous," said Jack Salzman, who follows both companies closely at Smith Barney Harris Upham, New York. "And believe me, this is the last thing P&G needs. They'd better do something quick."

Although its growth has slowed a bit in recent years, the decaffeinated market still represents the most enticing in the $4.5 billion coffee industry. Decaffeinated entries now boast some 30% of the instant coffees and 10% of vacuum ground, a figure that appears to be mounting.

According to figures compiled by John Maxwell of Lehman Bros. Kuhn Loeb, Sanka can claim 3.7% of the total ground-roast market; Sanka instant 10.5% of the total instant market, vs. Brim's 4.3%. Late last year, the company introduced a ground-roast version of Brim, but it is too early to tell how it is doing.#

Braniff begins its $10 million ad campaign via N W Ayer, New York, today with this newspaper spread that positions the revived airline as the "all-new, no-nonsense airline."

Braniff is singing

(Continued from Page 2)

expects to appeal to executives.

Refurbished interiors of the airline's 30 727-200s include all-leather seats in an all-coach configuration with three seats on each side of the aisle. The middle seats on each side of the plane have backs that fold down to form a table-like surface with depressions for cups. But unlike other airlines, the backs of those middle seats remain in place to assure privacy.

The forward section aircraft is designated the Business Cabin, where full coach-fare passengers will be offered complimentary newspapers and meal service.

Passengers with special or discount-fare tickets will be seated in the aft cabin behind the partition but in the same seating arrangement.

Most of Braniff's ad budget will be allocated to print and radio, but tv spots will air in five markets, according to Mr. Lagow. N W Ayer, New York, is the agency.

In the joint promotion with the March of Dimes, Braniff will issue millions of rebate coupons through March of Dimes volunteers and supporters and through travel agencies.

When attached to a passenger's ticket, the coupon will trigger a 5% rebate and a matching 5% donation to the March of Dimes. The promotion will continue through June 15 with the theme, "Fly Braniff for the March of Dimes."

Braniff also plans an invitation-only "Stars Salute to March of Dimes," featuring country singer Lynn Anderson and the Beach Boys in concert March 3 in Dallas. Mike Love, lead singer for the Beach Boys, appeared with Braniff officials at a news conference here last week and described William Slattery, Braniff president, as the "Lee Iacocca of the air," comparing Mr. Slattery's efforts to revive Braniff to Mr. Iacocca's efforts to revive Chrysler Corp.

The airline has emerged successfully from Chapter 11 bankruptcy proceedings after an almost two-year battle.

Sources at American Airlines, one of Braniff's chief competitors, said Braniff will have an impact on American's business. The airline's return will stimulate keener competition, an American Airlines spokesman said, declining to be more specific.

The Civil Aeronautics Board last week granted a Certificate of Public Convenience and Necessity to Braniff, declaring the airline "fit, willing and able" to resume air travel, presuming the Federal Aviation Administration gives its final approval, which Braniff said it expects about Feb. 22.#

Beer makers try new tacks

(Continued from Page 2)

from each other.

The A-B and Bally agreement is one example. It marks the first time a brewer has licensed one of its product names with a videogame.

The game's graphics will feature barroom settings that picture the Bud logo and Bud bottles. When a player scores, the game will play the brew's theme music.

"This is simply one more way of giving the product visibility and keeping it on the customer's mind," says Manny Goldman, beverage analyst with Montgomery Securities, San Francisco. "It's not monumentally significant."

Indeed, A-B is being rather low-keyed about the new venture.

"It's not a major marketing move for Budweiser," says a spokeswoman. "It is just one project where the Budweiser name is being licensed."

But the videogame is considered a pr gamble by some industry people. They contend the perception could surface that A-B is becoming involved in an area that appeals mostly to children and teen agers.

"It could end up being another Chelsea," says a competitor, referring to a soft drink A-B tested in the mid-'70s that contained a trace of alcohol. That beverage incurred the wrath of consumer groups charging A-B with selling "baby booze," and it was eventually discontinued.

Miller is also concerned about the image of its flagship brand. High Life suffered another bad year in 1983, dropping from 1982's 20.3 million bbls. to 17.5 million bbls., according to Mr. Goldman.

It also dropped an estimated 3 million bbls. in 1982. That decline sparked Miller's bringing on a new upbeat "Welcome to Miller time" campaign via Backer & Spielvogel.

Miller declined to give an official reason for asking the other agencies to do the "exploratory work" on the High Life brand. Apparently it had been in the works for more than a month.

There is a potential complication, at least for Ogilvy & Mather, New York, which is vying for High Life while its San Francisco office handles G. Heileman Brewing Co.'s Blitz-Weinhard business.

The agency contends the separation of offices diminishes any client conflict.

Ad spending for High Life is nearly $50 million, compared to Blitz-Weinhard's estimated $4 million.

These changes come at a time when the brewing industry is lurching.

Although most of the major brewers chalked up modest gains, the over-all industry remained flat at about 179 million bbls.#

Sports Time sets ads

By SUSAN SPILLMAN

Sports Time, the midwestern pay cable network owned by Anheuser-Busch, Multimedia Inc. and Tele-Communications Inc., is preparing for its April 3 launch with a $1 million affiliate and consumer advertising campaign.

Breaking in 15 cities in late March, the campaign will center on the theme, "Sports Time. We're playing the games you don't want to miss."

D'Arcy MacManus Masius, the major agency for A-B's beer brands, is in charge of Sports Time's consumer effort, while Cincinnati-based U.S. Communications is handling the affiliate co-op promotion. About $500,000 will be spent on each.

Sports Time will launch with a free 15-day trial offer to subscribers of affiliated cable systems in an 11-state region. The cable network will debut with the St. Louis Cardinals' opening game of the Major League Baseball season against the Los Angeles Dodgers.

Those who sign up for the service, which will cost between $9 and $12 a month, will receive a free subscription to one of several national sports magazines, said Tim Browne, director of marketing for Sports Time. Details have yet to be worked out, he said.

According to Mr. Browne, 45% of the consumer and affiliate co-op campaign will be spent on print, 30% on tv, with the rest divided among radio, outdoor and direct mail.

Sports Time expects to launch with 150 to 200 cable system affiliates and expects 30,000 subscribers by May 1, Mr. Browne said. By year's end, the network expects 150,000 subscribers. The service will be available in Arkansas, Colorado, Illinois, Iowa, Kansas, Kentucky, Missouri, Nebraska, Ohio, Oklahoma and Tennessee.#

Iroquois Brands buys LaSauce from Armour

PHOENIX—Armour & Co. has sold its LaSauce baking sauces to Iroquois Brands, as the latest move in a company drive to rid itself of lagging aspects of its business.

Sources within the Greyhound Corp. unit said it sold the cooking sauce line to the Greenwich, Conn.-based specialty foods marketer "because it was not meeting company objectives."

But those sources deny speculation the company plans to sell its remaining Armour-Dial food products, which include Armour Star shelf-stable canned meats and Appian Way pizza mix. Six months ago, Armour sold its Armour Food Co. division to Omaha-based ConAgra (AA, July 4).

The two flavors of LaSauce Chicken baking sauce and the single-item LaSauce beef baking sauce, marketed nationally, will become part of Iroquois Brands' Stamford, Conn.-based Iroquois Grocery Products subsidiary.

Sources within Armour admit LaSauce baking sauces did not live up to the company's expectations.

During 1982, Armour-Dial spent just more than $3 million on LaSauce via Foote, Cone & Belding/Honig, San Francisco, but measured media spending for the first nine months of '83 dropped to less than $100,000.

James P. McCaffrey, president and chief operating officer of Iroquois Brands Ltd., said that while the company will continue to seek acquisitions to complement its product groups, "the primary focus will continue to be on generating internal growth through increased market penetration and by introducing new products and product line extensions."#

'Marketing & Media's' Swan dies

NORWALK, CONN.—Carroll J. Swan, editor emeritus of *Marketing & Media Decisions* and a 30-year veteran of the media trade press, died of cancer Feb. 5 at Norwalk Hospital here. A resident of Wilton, Conn., Mr. Swan was 69.

Mr. Swan received the title of editor emeritus last year after illness forced him to step down as editor of the advertising trade publication that he had been associated with since 1968.

During that tenure, Mr. Swan became known and respected by most leaders in the advertising and marketing industry for his vast knowledge of the field—the culmination of a lifetime of observing and recording its growth.

Mr. Swan left *Marketing & Media Decisions* in 1983, suffering from his illness. He was editor of the advertising trade publication.

Mr. Swan joined the former *Printer's Ink* soon after receiving a degree from Harvard University in 1937. He later served in the Army Signal Corps for 4½ years during World War II, serving in Europe. He returned to *Printer's Ink* after the war and later joined *Media Scope*, serving as the publication's managing editor for four years before being hired by *Media Decisions* in 1968.#

WILLIAM B. CECIL

NEW YORK—William B. Cecil, a 30-year veteran of the magazine advertising sales field, died here of cancer Feb. 4. He was 60.

Mr. Cecil was vp-advertising sales for *Venture*, which in 1983 enjoyed the best year in its history. He joined the monthly from the Goldhirsh Group where he held various sales posts with *Inc.* and *High Technology*.#

Videogame cartridge sales

An estimated 80 million cartridges were sold in 1983 with perhaps a third heavily discounted. With a year of shakeout behind them, the survivors should return to profitability in 1984. *Source: Goldman, Sachs & Co.*

Company	Atari VCS system	Other systems	Total units (Millions)	Share (Per cent)
Atari	26	5	31	39
Mattel	4	8	12	15
Activision	9	2	11	14
Coleco	3	5	8	10
Imagic	5	1	6	7
Parker Bros.	4	—	4	5
Other	8	—	8	8
Total	59	21	80	100

Videogame rebound seen

NEW YORK—The loss-plagued videogame business has reason to be optimistic while the burgeoning home computer industry will have to stretch to maintain momentum, according to a report from Goldman, Sachs & Co. here.

The videogame industry, though shrinking and awash in red ink, is poised to return to profitability in late 1984 as the glut of game cartridges subsides and a shakeout leaves the field to fewer players, the report says.

The home computer market, whose growth has been predicated largely on low prices, needs other hooks to stimulate sales because the saturation point has been reached for selling on the basis of price alone. Still the report sees the software arena for home computers shaping up as the high-growth category in both fields.

The Goldman, Sachs report, compiled by analyst Richard P. Simon, predicts the present glut of videogame cartridges, or software, will ease by the fourth quarter.

"Of the estimated 80 million cartridges purchased by consumers in 1983, we estimated that...perhaps a third of the total purchased were distress sales, less than $8 a title," Mr. Simon said. "Atari, Imagic and Mattel were the major dumpers.

"In our judgment, perhaps more than 50% of annual sales of game cartridges occurs in the four-month period from November through February, and even a greater percentage of console sales," Mr. Simon said. "As a result of this, and the fact that we expect the flood of liquidation cartridges to abate by mid-1984, Christmas, 1984, could be a very healthy environment."

His projections are in line with those made within the industry, although Wall Street analysts have been pessimistic or noncommital about videogames.

Videogame hardware and software retail sales will be about $1.5 billion this year, down from $1.9 billion in 1983. The industry's peak year was 1982, with retail sales of $2.7 billion, Mr. Simon estimates.

The hottest segment shapes up as home computer software, which will reach $700 million in 1984, compared with $250 million a year before. This has pushed marketers to market their hit cartridges in leading home computer formats.#

TLK in line for all of Activision

By JENNIFER PENDLETON and RUTH STROUD

Activision and J. Walter Thompson USA have ended their more than three-year association, after the home videogame marketer called for a review in which JWT and co-agency Tatham-Laird & Kudner would compete.

Company vp-marketing Tom Restaino said it is likely Activision, Mountain View, Cal., will consolidate its business at Tatham, but that a final decision has not yet been made. While Tatham alone is preparing new advertising materials to present to Activision, Mr. Restaino described the current state of affairs as a "review." He said he will make a decision about the account in early March.

James K. Agnew, exec vp-JWT/West, San Francisco, said in a statement issued late last week: "Upon evaluation of the changing consideration of the industry, we believe that Activision's different and reduced advertising needs are better serviced at this point by another type of agency."

Noting that the electronics industry--and the videogames business in particular—is in the throes of change, Mr. Restaino said Activision hopes to develop a new strategy that will help it turn itself around. The company intends to concentrate a large part of its resources in developing and marketing videogame entertainment software for home computers.

In the first nine months of fiscal 1983, Activision had net sales of $49.6 million and a loss of $12 million, compared with net sales of $112.8 million and income of $13.5 million in the prior year.

While Mr. Restaino declined to specify Activision's past or current ad budget, sources say that over the last year it has dwindled from the $35 million to $40 million level to less than $10 million.

Tatham has been working on a tv campaign for Pitfall II, the sequel to Activision's worldwide best seller, Pitfall. JWT launched Pitfall 18 months ago.

Activision named Chicago-based Tatham as its second consumer agency in April last year.#

Unit reborn as Intellivision

HAWTHORNE, CAL.—Mattel Electronics division will be renamed Intellivision Inc., after the videogame system that is its primary product, when it is spun off from Mattel Inc. (AA, Feb. 6).

According to Terrence Valeski, Mattel Electronics senior vp-marketing and sales, who will head up the new company, the transfer of the Mattel unit is expected to be completed in about a month. The selling price is $20 million.

His partners in Intellivision Inc. are Ike Perlmutter and Bernard Marden, who own Odd Lot Trading, a New York retailer.

Mr. Valeski said ad plans call for continuing spot tv and print, with network tv during the Christmas season. Mattel spent $55 million in advertising in 1983. He said he hopes Ogilvy & Mather, New York, will continue on the account.

Intellivision acquired the right to use existing Mattel ads, minus the Mattel name, Mr. Valeski said. ADVERTISING AGE erroneously reported earlier that the agency had bought back rights to those ads.#

Olympics

(Continued from Page 1)

1988 Summer Olympics. Most observers said the 1984 Winter Games opening ratings were hurt by the delay in broadcasting the U.S. vs. Canada hockey game in prime time Tuesday, which allowed most people to learn the outcome before ABC could show the game. In Seoul, South Korea, where the '88 Summer Games will be held, the delay between event and broadcast will be even greater.

ABC's pregames promotion made much of the U.S. hockey team's "miracle" win over Russia in the 1980 Lake Placid games and its subsequent gold medal. That was dampened by this year's team's opening loss to Canada. ABC's hopes that interest in the hockey competition could rebound were dashed Thursday when Team USA lost its second straight match, this time to the Czechs.

Weather woes, too

As if time differences and the second hockey defeat weren't enough, ABC suffered delays of another sort when fog and heavy snow forced postponement of the first downhill skiing events on Feb. 9 and 10. ABC, which had planned 8 p.m.-to-11 p.m. (ET) coverage, instead wrapped up at 10 p.m. and inserted a "20/20," featuring all-rerun segments; Barbara Walters was brought in to handle live wraparounds.

ABC at press time said its Friday, Feb. 10, coverage hours (7:30 p.m. to 11 p.m.) would not be reduced by the second downhill delay.

Although its archrivals were quick to revel in ABC's poor showings to date, more objective observers cautioned against writing off the Olympics as a big event just yet. ABC isn't ready to drown its sorrows in slivovitz, Yugoslavia's strong plum brandy. Viewer interest levels could pick up as interesting competitions occur later in the games, involving U.S. skaters Scott Hamilton, Rosalynn Sumners and Elaine Zayak and skiers Phil and Steve Mahre and Tamara McKinney.

But ABC's seasonlong and February sweeps averages have been deflated by the first two nights' data. CBS statisticians estimated ABC would have to surpass CBS by two rating points a week for the remainder of the season to win. If ABC cannot generate that margin in the first Olympics week, it will be hard-pressed to do so later on.

ABC began its Sarajevo offerings on Feb. 7 by preempting prime time series fare for "The Gold & Beyond," a potpourri of pretaped U.S. vs. Canada hockey coverage blended with highlights from the 1980 Lake Placid games, previews of potential 1984 medalists plus some Olympics-themed songs sung by John Denver.

Time lag a killer

However, ABC appeared to have been done in by the fact that most viewers already knew Canada had won the hockey contest hours earlier, and by the special's surprisingly low-key pace.

With the Lake Placid coverage in 1980, ABC won the first three nights of Nielsens, with a 31 share the first night, a 36 the second evening and a 33 share the third.

CBS couldn't capitalize on ABC's dire straits—but NBC certainly did Tuesday: Its average for the night was a hefty 23.9/36.

National Nielsens for Feb. 8 showed ABC a close second to NBC for the night (16.2/25 to 16.9/26), as CBS lagged (15.7/24). ABC, whose opening ceremonies coverage had a 17.2 rating/27 share nationally, lost key momentum by opening with a first-run "20/20" at 8 p.m.; sponsored chiefly by Du Pont, it had a 21 share, compared to a 22 for CBS' Bugs Bunny special and a 27 share for NBC's "Real People."

Overnight Nielsens for Thursday, Feb. 9, showed ABC with a 14.6/21 average for the six metered markets, with NBC once again the main beneficiary of the Olympic tuneout. NBC won that night in New York, Chicago, San Francisco and Philadelphia; CBS narrowly won over NBC in Detroit but clearly over NBC in Los Angeles.

ABC's Olympic coverage that night had a 20 share in New York, Chicago, Los Angeles and Detroit, a 23 in San Francisco and hit a peak of 27 in Philadelphia. In each market, "20/20" lost points in ABC's closing hour.

The fact that the Feb. 7 hockey game and opening ceremonies, both pretaped, scored so poorly has led many tv and advertising execs to wonder just how attractive the 1988 Seoul Summer Olympics would be at any price. Virtually all Seoul coverage will be telecast in the U.S. 14 hours after the fact.

Even Barry Frank, senior vp, International Management Group, last fall painted a similar picture as a way of making the 1988 Winter Olympics in Calgary more attractive. At that point, IMG was handling tv brokering only for Calgary; earlier this year, IMG got those duties for Seoul as well. As for Calgary, ABC's announcement on the rights indicated only that "much" of the Calgary coverage would be live, as opposed to "most." But most delays would be "only" three or four hours.

ABC's coffers late last fall were swelled with nearly $190 million in Sarajevo Olympics ad revenues (AA, Nov. 14), and ABC execs have admitted to scoring a small profit. ABC is known to have spent $91.5 million on the tv rights and is believed to have allocated $90 million-plus to production and promotion costs.

Paul Schulman of Gardner Advertising's Paul Schulman Co. network tv buying subsidiary, New York, belongs in the camp that doubts ABC can repeat that feat or post a profit on its 1988 Calgary Winter Olympics investment ($309 million in rights alone). "In fact," he said days before the '84 games began, "I don't think the Winter '84 Olympics is going to be as big as people think," in large part because people will learn the winners of many events in advance.

A 'tough sell' expected

Snaring the Calgary rights "is great for the [ABC] affiliates and it's prestige for the network," he continued, "but it'll be tough to sell it all out." As for pricing of the commercial time, "I haven't the foggiest," except that it will be well beyond the $225,000 average 30-second spot for the summer '84 games. "It's great [for advertisers] if they merchandise it and tie in a lot of things," he cautioned, "but not as a straight media buy." His shop's major client, Ralston Purina, is not an Olympics backer.

There also are some cynics who believe that the Calgary rights were auctioned just before Sarajevo began, in case the '84 Nielsens couldn't match expectations and dragged down the rights fees.#

Not so Sterling idea?

By JOHN J. O'CONNOR

In an apparent attempt to outluxury Philip Morris Inc.'s Players, R.J. Reynolds Tobacco is boldly associating Sterling, its newest smoke, with such prestigious offerings as Porsche automobiles and Dom Perignon champagne.

On the face of it, the idea of cigaret advertising that achieves an instant luxury ruboff by featuring and naming products that have long been the trappings of the rich and famous, is nothing short of sterling, one might say.

But then, there's a little matter Winston-Salem, N.C.-based Reynolds apparently neglected to take care of before Sterling advertising broke recently in Florida, the lone state where the product was tested. RJR and its agency, Ted Bates Advertising/New York, did not obtain approval to feature those products in the ads.

A source at Schieffelin Inc., importer of Moet & Chandon's Dom Perignon champagne, confirmed that company lawyers have been alerted to the unauthorized use of the product. The same exec said while copy in the ad tries "to cash in on Dom Perignon" in a positive way ("It's only a cigaret like Dom Perignon is only champagne"), "there are a lot of negatives associated with cigaret smoking."

Porsche execs in Warren, Mich., also were surprised to learn that one of their legendary sports cars will be shown and identified in the first national advertising for Sterling starting in April (AA, Feb. 6). However, there was no immediate comment. But a company source said whenever "anyone wishes to use Porsche for ad purposes, they have to supply complete copy and layouts to us for approval."

With the controversy beginning to build—RJR now is saying that the products in the test ads may not be part of the national introduction and that replacements are being considered.#

CBS reports drug survey

By NANCY GIGES

NEW YORK—Traditional sources of medical information, the family physician and local pharmacist, still are considered the most useful sources of information about safety and effectiveness of prescription drugs, according to a CBS study relating to prescription drugs.

CBS noted that, in light of the controversy over direct-to-consumer advertising of prescription drugs and the Food & Drug Administration's call for more research, it has conducted this survey to document consumer attitudes and behavior toward prescription drugs (AA, Feb. 6).

The FDA currently has a moratorium on prescription drug broadcast advertising. The CBS report on attitudes was designed to provide documentation for the ensuing debate over whether prescription drug marketers should be allowed to advertise on tv.

The report indicated that consumers feel a lack of control and involvement in their medical situation, which additional information would overcome. They believe that society is overmedicated and overprescribed, and that the high patient-to-doctor ratio, the high cost and inconvenience of office visits, anxiety over illness and unfamiliarity with medical topics contribute to an anxious public.

In-home interviews were conducted with a nationally projectable sample of 1,233 consumers with prescription drug experience. The results are projectable only to the 77 million U.S. households with previous drug experience.

Currently, 95% of households found their physician useful as a source of information; 84% cited their pharmacist; 70%, the label; 63%, package inserts; 33%, mass media, and 25%, family and friends. More than one-third of all households use the *Physicians' Desk Reference* for information, and 18% own one.#

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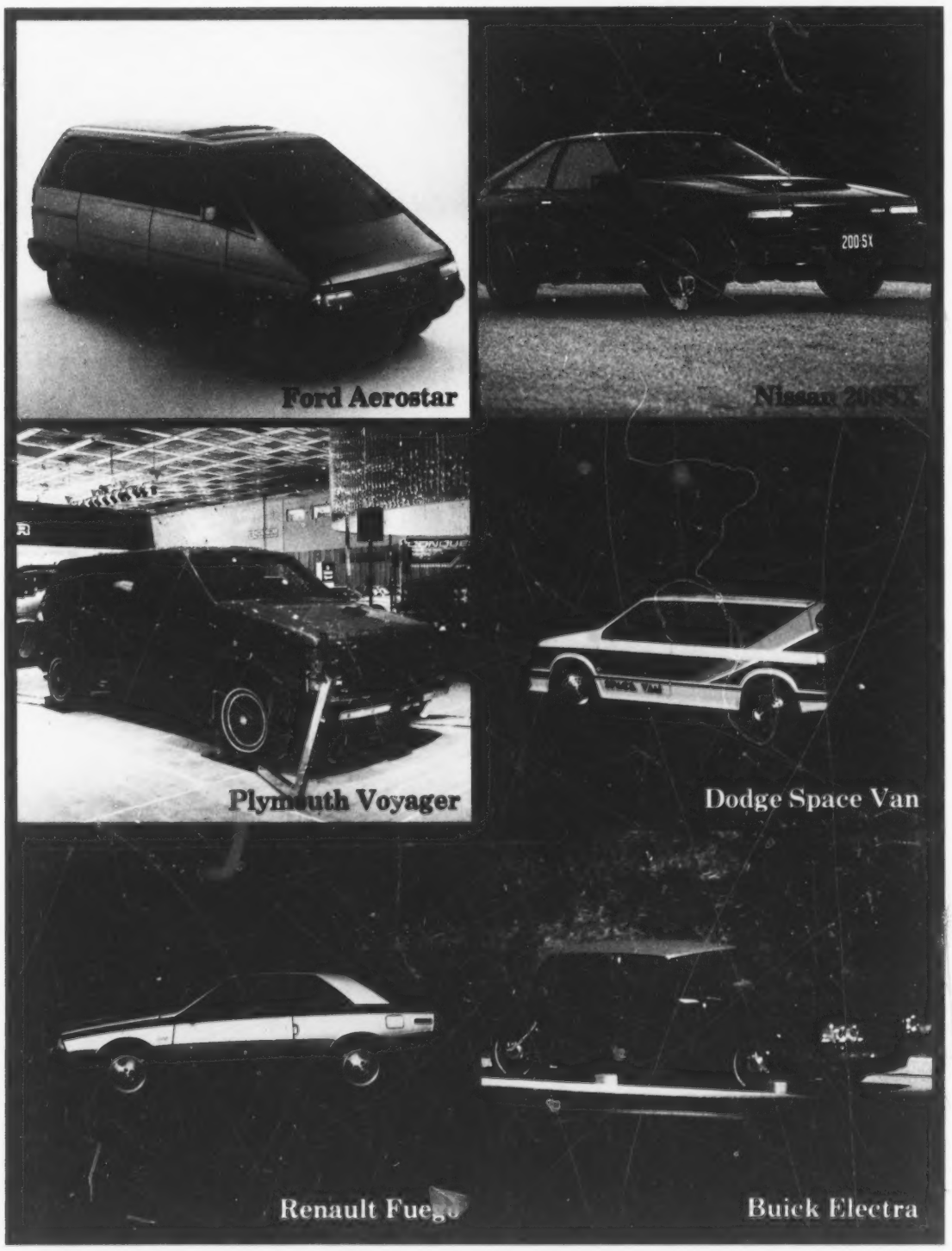

Benevolent Dictator

The rough-and-tumble career of 'Boss Lady' Jo Foxworth

— Page M-4

Special Report

Test Marketing: New technologies bring more precise data

— Page M-9

Forum

Lou Harris on the public's concern over pollution

— Viewpoint section

New models set to roll

Auto marketers looking to '85

More electronic 'bells and whistles' to lure buyers — Page 3

NEWSPAPER

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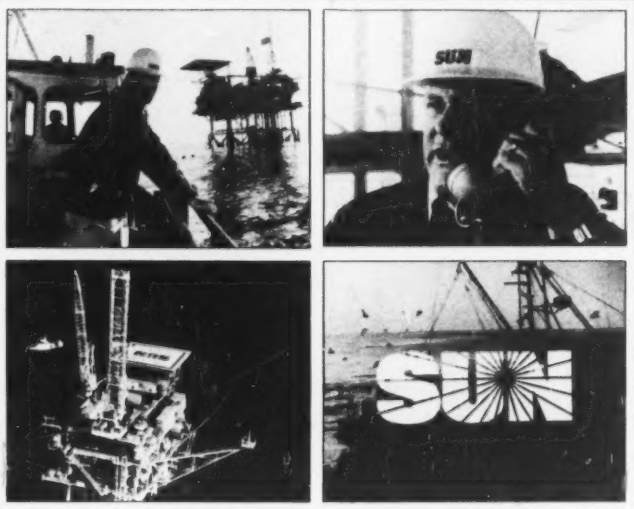

Willing workers

Stan Blossom, western district engineering manager at one of Sun's offshore oil sites, is featured in Sun Co.'s campaign to appear exclusively during the three tv networks' election coverage. N W Ayer handles. *(See story on Page 67.)*

NBC ratings golden as ABC Olympics lag

By DIANE MERMIGAS

Rough-and-tumble action series helped give NBC strength against ABC's Olympics telecasts, boosting the third-ranked network to its first weekly victory of the season.

Those series also appeal to the male sports viewers ABC was counting on for its Olympics audience.

NBC's "The A Team," which was the top-rated show of the season's 20th week, ended Feb. 12, made one of the strongest series showings against Olympics fare Feb. 7, averaging a 26.8 rating and 38 share. Two of NBC's other action-oriented Tuesday series—"Riptide" and "Remington Steele"—also dominated the competition with 23.5/34 and 21.4/37, respectively.

By comparison, the opening night of ABC's estimated $200 million coverage of the XIV Winter Olympics Feb. 7 drew an 11.6/18.

CBS' male-appeal dramas Thursday—"Magnum, P.I." (24.3/36) and "Simon and Simon" (26.4/38)—also outperformed the Olympics, which averaged 13.7/20 Feb. 9.

However, at the beginning of the second week of the Olympic telecasts, the stiffest counterprograming challenge came from NBC's six-hour miniseries "Celebrity." On Feb. 12, the debut of "Celebrity," which had a strong female skew, averaged 21.2/33, and a preceding episode of "Knight Rider" averaged 20.7/30, beating both the Olympics on ABC and CBS' regular Sunday series lineup.

Fewer U.S. Olympians expected to get endorsement deals. See Page 70.

The second night of "Celebrity," on Feb. 13, garnered 21.4/33 over CBS' regular series (which tied NBC with a 21/31 average for the night) and ABC's Olympics coverage (20.8/31).

The Feb. 14 conclusion of "Celebrity" averaged 24.9/37 with an "A Team" lead-in of 22.7/33. The Olympics averaged 21.9/32 for the night. A Disney special and the first half of "Gone with the Wind" on CBS mustered only 13.1/18.7.

In the previous week, both NBC and CBS primarily

(Continued on Page 70)

Playtex's Almay tries mass-Clinique image

By PAT SLOAN

International Playtex's family products division will introduce its new line of Almay hypo-allergenic antiperspirant/deodorants in April with an estimated $5 million advertising campaign. The move had been expected (AA, Jan. 2).

Packaged as solids, sprays and roll-ons, the new deodorants will replace the decade-old but low-volume roll-on and spray Almay Cheq line. The new effort marks the beginning of a complete Almay toiletries line that also will be developed and marketed by the family products division in Stamford, Conn. Almay's cosmetics and skincare products will continue to be handled through Almay's New York headquarters.

Next on deck for toiletries, retailers say, are new hair sprays and shampoos.

The high-visibility extension of the Almay hypo-allergenic image is being read by retailers as an effort on the part of Playtex to make Almay the "Clinique" of the mass market.

Clinique, an independent subsidiary of Estee Lauder Inc. formed long after the 50-year-old Almay, has become top-of-mind with both male and female consumers looking for gentle but effective fragrance-free cosmetics and toiletries in department stores.

The new Almay deodorants are 100% fragrance free and will be sold in drugstores only. They will be targeted at both men and women with sensitive skin with the theme, "Almay Hypo-Allergenic. . .because everyone can have sensitive skin."

Prime and daytime tv begins April 16, while print ads will break in the May issues of magazines. Geer, DuBois handles.

Refund coupons in magazines and newpspapers as well as cross-ruff coupons in packages of Almay mascaras and Jhirmack shampoos also will be used to promote the brand. All together, Almay plans to distribute 100 million coupons with the first—a 30¢-off offer—scheduled for May, reaching 36 million households. Two more drops are planned later in the year, in addition to 2 million cross-ruff coupons.

Like Revlon's Mitchum brand, the Almay line will

(Continued on Page 72)

Surpass in tests

Wayne, N.J.—Pleased with the results of its relatively new Lady's Choice deodorant, American Cyanamid's Shulton is now coming out with a another new entry—called Surpass—that is packaged in an innovative dispenser.

The men's product, which comes in a bottle with a hard-surface-yet-porous dome applicator, is undergoing controlled-store tests in California. The company also has been conducting tests of tv commercials for the brand in another market, Atlanta.

Tv spots in animatic form open with an announcer: "I'm using this hairy arm to show you a breakthrough in men's antiperspirant. New Surpass. With this unique dome applicator." The spot claims it goes on clean, not messy like a roll-on, not waxy like a solid and doesn't scatter like an aerosol—it "releases a clear fast-drying formula which leaves nothing behind but all-day protection. New Surpass, the dome antiperspirant for men."

The ad agency was not determined at press time.

highlights

Monday, February 20, 1984

A.C. Nielsen Co., facing increasing competition in the U.S. and abroad, plans to introduce new research, internal development and acquisitions. *See Page 6.*

Federal Communications Commission chairman Mark Fowler is determined to reenter the fight between Hollywood and the tv networks over financial interest and syndication rules. *See Page 6.*

Hyatt Hotels is expanding its revamped "Wish you were here" campaign from print to broadcast with the launch of two new tv spots. *See Page 10.*

Frank Perdue, the chicken king, nearly had his feathers plucked by the National Advertising Division of the Council of Better Business Bureaus last month. *See Page 12.*

All photos on the cover were supplied by the car companies except for the Buick Electra photo, which is from Jim Dunne.

Health Research Group has challenged Federal Trade Commission chairman James Miller to force cancer warnings into advertising for smokeless products. *See Page 14.*

National Assn. of Television Programing Executives were told the U.S. broadcasting business is being forced to become a "globalized" business. *See Page 66.*

Sun Co. is beginning a $10 million corporate campaign this week to strengthen its identity not only with the public but its work force. *See Page 67.*

Magazine acquisitions took the spotlight as four publications changed hands. *See Page 72.*

CORPORATE CLOSEUP

Sunbeam Corp., since being purchased by Allegheny International in late 1981, has reorganized its operations, absorbed a series of management changes and edged toward profitability. *See Page 4.*

INTERNATIONAL

R.J. Reynolds Tobacco International's $5 million campaign to introduce Camel Mild in Japan is a major step by a U.S. advertiser. *See Page 42.*

The British beer market, one of the largest in the world next to Germany and the U.S., is undergoing major changes. Vast numbers of British beer drinkers are calling for lager instead of Guinness. *See Page 42.*

Canadian publishers have asked the country's Foreign Investment Review Agency to rule on whether there is significant U.S. ownership in a new Canadian company publishing a licensed version of a U.S. magazine in Canada. *See Page 46.*

MAGAZINE

Jo Foxworth, adwoman and author of "Boss Lady" and "Nine Commandments for Women in Business" is featured in the latest in our series of Benevolent Dictators interviews by Bart Cummings. *See Page M-4.*

Test Marketing: The new technology is helping find alternative ways to monitor consumer preference. *See Page M-11.*

After "The Day After," residents and college students of Lawrence, Kan., have taken stock of the made-for-tv film and discovered its most lasting effect on the town may be name recognition. *See Page M-48.*

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Business push on by AT&T

By ROBERT RAISSMAN

American Telephone & Telegraph Communications will break an estimated $40 million business-to-business campaign today in an effort to create a distinct brand image for its business long-distance services and other applications.

An AT&T spokesman declined to confirm or deny the budget figure, but the media schedule indicates the expenditure being put behind the new effort.

The campaign will involve roadblock buys on all three tv networks' early evening news. Two 60-second commercials will run through the third quarter on news, sports and prime time network tv. Thirty-second versions will run during the second quarter through the end of the year, augmented by a print campaign in newspapers and business magazines.

The budget is in stark contrast to past expenditures by the division that targets business with "800" numbers, Wats lines and teleconferencing. During the first nine months of 1983, AT&T Communications invested $212,600 in measured media, according to Leading National Advertisers.

LNA put the division's 1982 bud-

(Continued on Page 70)

Lab-to-rollout becoming more traveled test path

By Richard Edel

When product managers at Richardson-Vicks came up with an idea for a new beauty soap, they knew they had to move quickly. Concerned about the time, cost and openness of test marketing, they risked national launch of Olay Beauty Bar last July on the basis of simulated test marketing (STM).

Earlier in the year, Richardson-Vicks introduced Climacel, a protective moisture cream, into the Australian package goods market exclusively on the basis of favorable results from STM.

The fact, notwithstanding, that both products presumably performed well, most research specialists say it is a relatively new phenomenon that marketing managers have the confidence to launch new products or line extensions on the basis of STM.

For Richardson-Vicks, skipping the test market phase of new product development was less risky than one might think, according to Jim Figura, corporate director of market research.

Richard Edel is a Chicago-based free lance writer.

"We are using STM in these cases to either accelerate the introduction of a product or to avoid test marketing," Mr. Figura explained. "Before we do any kind of STM, we would have to have a thorough understanding of the market and of the consumer. Because we have a very extensive background in skin care products, we can move rather quickly. It really is not the same as if we were trying to enter a totally new category."

Richardson-Vicks' Mr. Figura says an important reason for the increasing use of such techniques is the accuracy of market share predictions. Richardson-Vicks has conducted about 15 ASSESSOR pre-test models worldwide since 1978 and results have been highly accurate both in terms of substantiating research generated by Richardson-Vicks and in terms of making reliable market share predictions, he said.

Verification of the accuracy of STM models is the most significant advance Mr. Figura sees in the use of laboratory testing. STM has become a major go/no-go checkpoint for many companies in making new product national launch decisions. A major function continues to be reduction of risk by identifying products that may be big losers, he noted.

Research appears to confirm Mr. Figura's assessments. Competitive tracking by Richardson-Vicks on 22 categories of health and beauty aids produced by 108 companies shows a substantially higher probability of success in new product introductions

(Continued on Page M-40)

Sometimes the way to sell more is to sell less.
Climacel protective moisturiser is now nationally available in a 50g jar with a RRP of $6.75.
This follows a test market in South and Western Australia, where both the smaller 50g size and the regular 100g size were sold side by side. The results speak for themselves.
Overall, the two sizes achieved a 35% greater trial rate than the larger size on its own.
And in Western Australia the two sizes of Climacel showed a 6.4% value share of the pharmacy market, compared to a national average of 2.9% with one size.
Clearly, if you stock both sizes of Climacel, you'll sell even more than you do now.
Particularly with our ongoing television support in 1983.
Climacel.
NOW. CLEAN SKIN WITH THE TOUCH OF INNOCENCE.
NEW OLAY BEAUTY BAR.

Positive results from simulated tests prompted Richardson-Vicks to launch Climacel moisturizer in Australia and Olay Beauty Bar in the U.S.

But perhaps the biggest negative in using test marketing services to conduct lengthy and thorough research is the fear of being beaten to the punch by the competition.

"Time is always a problem," said Mr. Levine. "You worry that a competitor will see a new product and try to duplicate it before it's launched nationally, but we still test market about two-thirds of the time," he acknowledged.

"If there's not a lot of financial risk, we might just blast off with a new product," says John Blair, director-market research at Quaker Oats' food service division.

"If there's not a lot of financial risk, we might just blast off with a new product," said John Blair, director-market research at Quaker Oats' food service division.

And when the Chicago marketer feels a test *is* needed?

"If the product is innovative, the competitive threat is high and the idea can be replicated, there are things a company can do to make it difficult for a competitor to read the performance," he said.

For example, Quaker might take a high-risk item it feels needs testing into a few stores in a limited area.

"That way," Mr. Blair explained, "we're not advertising to anyone that we have a new product. And we hope that the competition's sales force is asleep at the wheel."

S.C. Johnson & Son, Racine, Wis. sometimes uses its sales force as a vehicle for testing a product in grocery stores for six to nine months, said Richard F. Chay, director-marketing research. "We test market new brand names about 50% of the time, but it really depends on the product and whether or not it's a risky opportunity.

"If the idea is fragile and it's easy to copy, then we might forego test marketing altogether," he added.

Johnson, perhaps known best for its Johnson's Wax, will also test market established brands when it's concerned about reaction to a proposed price, packaging, or advertising change, Mr. Chay says.

But he is cautious about putting too much stock in test marketing results.

"There's no question in my mind that companies like BehaviorScan come up with accurate, sensitive results, but there might be a question about how projectible a small test market can be when it's compared to the entire U.S.," he pointed out.

"Some brands are highly regional so that a test market's results could be misleading, he warned. —*E.N.*

How it's done

Most simulated test marketing undertakings work similarly.

Consumers are intercepted in shopping centers (or sometimes at their homes) where they are interviewed for demographics and asked to rate various products on a point scale.

Next, they are shown commercials both for the test product and competitors' products and taken to a simulated store shelf environment where they are re-interviewed and given seed money or cents-off coupons to make a purchase. Those not purchasing the test product are given free samples.

After a use-up period, they are interviewed by telephone and asked to rate the test product against the competition on a series of attributes. They again are asked which product they would purchase. From their responses, anticipated market share is estimated.

Also known as pre-market (sales) volume forecasts, volumetric projection techniques and laboratory testing among other terms, STM is used by a variety of consulting companies and corporate research departments to estimate the potential success or failure of new products or concepts.

Based on complicated mathematical models, the techniques predict sales volumes that would result from variations on a host of business circumstances, such as product name, packaging, levels of advertising and promotion, distribution, pricing and quantity.

Use of STM and other laboratory research techniques is on the rise, according to a survey conducted last spring by Market Facts, a Chicago market research company, among research directors at 183 of the largest American consumer goods and services companies.

Between 1978 and 1983, the percentage of respondents saying the major share of research dollars is being spent on test market laboratories rose 4%. STM also jumped from fourth place to first as the market technique most used.

Also revealing is that 5% more companies in the same time frame now look to outside sources of STM, such as Management Decision Systems (ASSESSOR), Elrick & Lavidge (COMP), Burke Marketing Services (BASES) or Yankelovich, Skelly & White (Laboratory Test Market). —*R.E.*

New product introductions 1978-82

	% Test marketed	% Test market to national	% "Successful"	
			TM	No TM
Extensive users of simulated test markets	34%	16%	67%	46%
Others	66	29	31	14

Source: Market Facts, Chicago

Test market techniques used most

Per cent saying major share of research dollars spent on:	1978 %	1983 %	Net change %
Own test markets, with outside auditing	15	11	– 4
Controlled store testing	19	13	– 6
Test market laboratories	10	14	+ 4
Test market purchase diaries	4	4	—
Test market telephone tracking studies	11	4	– 7
UPC consumer diary panel split cable	NA	10	+10
UPC consumer diary panel no split cable	NA	2	+ 2

Source: Market Facts, Chicago

MARKET FACTS PROVIDES THE SUPERIOR OPTIONS

- **Marketest** — Most successful forecasters in test marketing.
- **Consumer Mail Panel** — Best panel in the world.
- **Consumer Opinion Forums** — Most uniform network of central location facilities.
- **National Telephone Center** — Fastest growing telephone network.
- **Decision Systems** — Most results-oriented statistical analysts.

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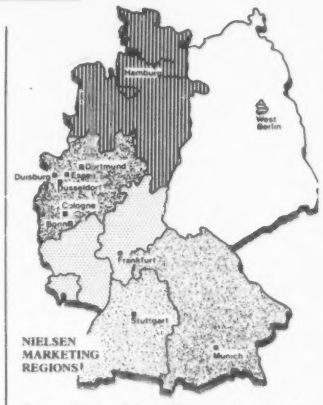
European test patterns

Test marketing practices in European countries vary widely, depending on country size, population mix and regional media availability. This look at the testing habits in seven countries was adapted from the January, 1984, European Media & Marketing Guide, published by Advertising Age's *Focus* with material supplied by D'Arcy MacManus Masius.

West Germany

Test marketing is conducted in five major areas of Germany. All media are available in these areas; coverage is good. Marketers tend to avoid using magazines for test ads in Saar because of the lack of regional editions.



POPULATION OF PRINCIPAL CITIES ('000s)

West Berlin	1,898	Frankfurt	629
Hamburg	1,648	Dortmund	609
Munich	1,298	Dusseldorf	592
Cologne	976	Stuttgart	582
Essen	650	Duisburg	558
		Bonn	287

Ad spending by key product categories

(billion DM)

Food	6.7
Banks	5.6
Tobacco	2.9
Alcoholic spirits	0.574
Wines & beers	0.885
Cars	0.761
Airlines	0.407
Electrical appliances	0.339
Pharmaceuticals	0.335
Hotels, Restaurants	0.312

Source: Schmidt + Pohlmann (Jan-Dec '82)

Netherlands

Test marketing is not frequently conducted for products that will rollout nationally, because of the size of the country. But the entire country is sometimes used to test products that will be introduced into all of Europe.

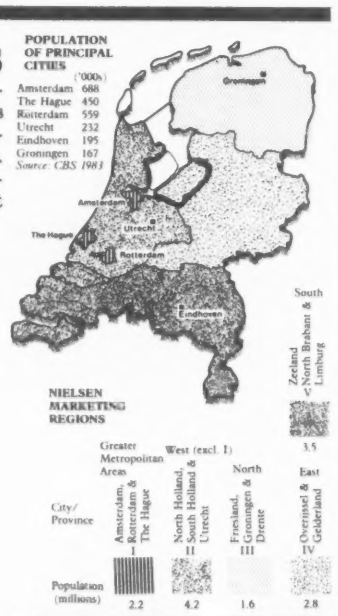
	(million DFl.)
Transport	114.8
Food (including non alcoholic beverages)	106.1
Banking, Finance and Insurance	94.3
Food outlets (national chain stores)	78.6
Department stores/ mail order firms	50.3
Alcoholic beverages	48.5
Cosmetics	46.3
Branded clothes and retail	45.4
Travel	38.8
Tobacco	37.2
Healthcare products	22.5

Source: BBC

POPULATION OF PRINCIPAL CITIES ('000s)

Amsterdam	688
The Hague	450
Rotterdam	559
Utrecht	232
Eindhoven	195
Groningen	167

Source: CBS 1983



Japanese

(Continued from Page M-34)

an alien market. But they often find that although they have introduced the same control test conditions as in the U.S., the test results may have inaccuracies built into them.

There is a tremendous shortage of test market cities in Japan because it is hard to find areas where the media can be isolated, especially for tv advertising. Four cities are thus repeatedly used: Hiroshima, Fukuoka, Shizuoka and Sapporo.

"Hiroshima or Fukuoka must be the most test-marketed cities for foreign products in the world. That alone must be a bias

CINCINNATI
T·H·E B·I·G T·E·S·T M·A·R·K·E·T

Cincinnati is the largest city named to the Dancer Fitzgerald Sample honor roll of eight test cities. Cincinnati features a diversified economic base, has a large and stable population base and is relatively isolated from other major markets. Cincinnati is the fifteenth largest CMSA in the United States, one of only twenty-two markets in the United States to be defined as a Consolidated Metropolitan Statistical Area by the Office of Information and Regulatory Affairs.

CINCINNATI CONSOLIDATED METROPOLITAN STATISTICAL AREA
(8 Counties)

Effective Buying Income	$16,137,783,000
Total Retail Sales	$ 7,565,419,000
Population	1,674,000
Suburban Population	1,194,300
Households	608,500

Source: Sales and Marketing Management Survey of Buying Power 1983

Cincinnati newspapers deliver significant shares of most market segments. The Enquirer and The Post are particularly adept at reaching those market segments that can and do buy more of all types of goods and services.

Cincinnati is the big test market. The Enquirer and The Post deliver efficient, effective market coverage in the big test market. Put the market and the medium to work for your product. Test in Cincinnati and introduce your product or service with advertising in The Enquirer and The Post.

CINCINNATI NEWSPAPER COVERAGE*
Net Unduplicated Readers of Daily Enquirer & Daily Post

	Average Issue	Five Issue
Total Adults 1,021,100	627,200 61.5%	803,300 78.7%
Household Income $35,000 or More 223,400	155,000 69.4%	184,700 82.7%
Professional, Technical or Managerial Occupation 214,800	149,500 70.0%	188,600 87.8%
College Graduates 183,600	127,700 70.0%	158,800 86.5%

*Source: 1983 Scarborough's National Newspaper Audience Ratings Study (Cincinnati SMSA)

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